

**CENTRO DE LA FAMILIA DE UTAH**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
AND  
FINANCIAL STATEMENTS**

**June 30, 2006**

**HANSEN, BARNETT & MAXWELL**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

# **CENTRO DE LA FAMILIA DE UTAH**

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# HANSEN, BARNETT & MAXWELL

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Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Centro de la Familia de Utah

We have audited the accompanying statement of financial position of Centro de la Familia de Utah (a nonprofit organization) (the "Organization") as of June 30, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Organization's 2005 financial statements and, in our report dated August 19, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States of America, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro de la Familia de Utah at June 30, 2006, and the results of its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006, on our consideration of Centro de la Familia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Hansen, Barnett &amp; Maxwell".

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah  
August 31, 2006

**CENTRO DE LA FAMILIA DE UTAH**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2006**  
**With Summarized Financial Information for 2005**

<b>ASSETS</b>		
	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 81,865	\$ 32,448
Investments	23,500	-
Accounts receivable:		
Government contract	285,755	173,501
Other	3,239	2,649
Prepaid expenses and deposits	90,299	72,037
Library collection	28,335	28,335
Property and equipment - net of accumulated depreciation	<u>3,030,793</u>	<u>2,944,486</u>
<b>Total Assets</b>	<u><u>\$ 3,543,786</u></u>	<u><u>\$ 3,253,456</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 132,338	\$ 253,330
Accrued expenses	253,088	192,455
Line of credit payable	251,199	238,013
Capital leases payable	<u>9,677</u>	<u>15,325</u>
<b>Total Liabilities</b>	<u>646,302</u>	<u>699,123</u>
<b>Net Assets</b>		
Temporarily restricted	63,477	58,125
Unrestricted	<u>2,834,007</u>	<u>2,496,208</u>
<b>Total Net Assets</b>	<u><u>\$ 2,897,484</u></u>	<u><u>2,554,333</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,543,786</u></u>	<u><u>\$ 3,253,456</u></u>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LA FAMILIA DE UTAH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**With Summarized Financial Information for 2005**

	2006			
	Unrestricted	Temporarily Restricted	Total	2005
<b>Public Support and Revenues</b>				
<b>Public Support</b>				
In-kind support	\$ 124,610	\$ -	\$ 124,610	\$ 244,995
Other contributions	33,748	60,008	93,756	164,835
Special events revenue, net of expenses of \$0 and \$26,898	-	-	-	25,158
<b>Total Public Support</b>	<u>158,358</u>	<u>60,008</u>	<u>218,366</u>	<u>434,988</u>
<b>Revenues</b>				
Government contracts	6,782,458	-	6,782,458	6,567,832
Interest income and other	6,019	-	6,019	14,453
<b>Total Revenues</b>	<u>6,788,477</u>	<u>-</u>	<u>6,788,477</u>	<u>6,582,285</u>
<b>Net Assets Released from Restrictions</b>	<u>54,656</u>	<u>(54,656)</u>	<u>-</u>	<u>-</u>
<b>Total Public Support and Revenues</b>	<u>7,001,491</u>	<u>5,352</u>	<u>7,006,843</u>	<u>7,017,273</u>
<b>Expenses</b>				
<b>Program Expenses</b>				
Head Start:				
Migrant head start program	3,872,816	-	3,872,816	4,803,496
Region 8	1,494,004	-	1,494,004	1,479,637
Parental Information and Resource Centers Program (PIRC)	547,347	-	547,347	487,259
Humanitarian Services	-	-	-	31,814
Nuevo Dia - County	102,062	-	102,062	86,555
Other programs	80,954	-	80,954	106,213
<b>Total Program Expenses</b>	<u>6,097,183</u>	<u>-</u>	<u>6,097,183</u>	<u>6,994,974</u>
<b>Support Expenses</b>				
General and administrative	561,170	-	561,170	703,517
Fundraising	5,339	-	5,339	3,609
<b>Total Support Expenses</b>	<u>566,509</u>	<u>-</u>	<u>566,509</u>	<u>707,126</u>
<b>Total Expenses</b>	<u>6,663,692</u>	<u>-</u>	<u>6,663,692</u>	<u>7,702,100</u>
<b>Change in Net Assets</b>	<u>337,799</u>	<u>5,352</u>	<u>343,151</u>	<u>(684,827)</u>
<b>Net Assets, Beginning of Year</b>	<u>2,496,208</u>	<u>58,125</u>	<u>2,554,333</u>	<u>3,167,160</u>
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,000</u>
<b>Net Assets at End of Year</b>	<u>\$ 2,834,007</u>	<u>\$ 63,477</u>	<u>\$ 2,897,484</u>	<u>\$ 2,554,333</u>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LA FAMILIA DE UTAH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**With Summarized Financial Information for 2005**

	Program Expenses					Support Expenses			Total	
	MHSP		Nuevo Dia			General and		Fundraising	Support Services	Total
	Head Start	Region 8	PIRC	County	Other Programs	Program Services	Administrative			
Salaries	\$ 1,954,324	\$ 855,622	\$288,795	\$ 50,870	\$ 1,735	\$3,151,346	\$ 312,447	\$ 1,588	\$ 314,035	\$3,465,381
Benefits	633,453	231,626	94,307	18,870	-	978,256	68,764	232	68,996	1,047,252
<b>Total Salaries and Benefits</b>	<b>2,587,777</b>	<b>1,087,248</b>	<b>383,102</b>	<b>69,740</b>	<b>1,735</b>	<b>4,129,602</b>	<b>381,211</b>	<b>1,820</b>	<b>383,031</b>	<b>4,512,633</b>
Allocated administrative expenses	-	-	-	-	-	-	-	-	-	-
Communications	31,185	12,639	18,557	996	-	63,377	5,627	-	5,627	69,004
Dues, subscriptions and advertising	38,304	1,936	687	-	-	40,927	13,202	-	13,202	54,129
Equipment	119,148	3,968	-	-	-	123,116	-	-	-	123,116
Equipment operating expenses	178,471	51,907	7,589	1,568	-	239,535	10,348	-	10,348	249,883
Food and program costs	18,781	62,529	-	5,458	-	86,768	-	-	-	86,768
In-kind	77,423	30,851	93	-	-	108,367	-	-	-	108,367
Insurance	2,061	4,674	585	184	-	7,504	913	-	913	8,417
Occupancy	288,928	145,053	40,176	15,376	-	489,533	65,142	12	65,154	554,687
Other costs	18,788	4,383	25,907	29	7,662	56,769	-	1,027	1,027	57,796
Parent services	20,041	6,606	-	-	-	26,647	-	-	-	26,647
Professional child services	106,340	26,661	-	3,495	2,336	138,832	40,336	-	40,336	179,168
Professional services	58,799	24,704	52,937	1,698	66,426	204,564	15,329	2,480	17,809	222,373
Supplies	26,532	10,937	-	-	-	37,469	23,981	-	23,981	61,450
Travel and training	90,109	19,908	17,714	3,518	2,795	134,044	5,081	-	5,081	139,125
	3,662,687	1,494,004	547,347	102,062	80,954	5,887,054	561,170	5,339	566,509	6,453,563
Depreciation	210,129	-	-	-	-	210,129	-	-	-	210,129
<b>Total Expenses</b>	<b>\$ 3,872,816</b>	<b>\$ 1,494,004</b>	<b>\$547,347</b>	<b>\$102,062</b>	<b>\$ 80,954</b>	<b>\$6,097,183</b>	<b>\$ 561,170</b>	<b>\$ 5,339</b>	<b>\$ 566,509</b>	<b>\$6,663,692</b>
										<b>\$7,702,100</b>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LE FAMILIA DE UTAH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**With Summarized Financial Information for 2005**

	<u>2006</u>	<u>2005</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 343,151	\$ (684,827)
Adjustments to reconcile net cash from operating activities:		
Depreciation	210,129	288,277
In-kind support	(124,610)	(224,535)
In-kind expenses	124,610	224,536
Changes in assets and liabilities		
Accounts receivable	(112,844)	186,872
Promises to give	-	5,669
Prepaid expenses and deposits	(18,262)	(32,375)
Accounts payable	(120,992)	(45,870)
Accrued expenses	60,633	(12,643)
<b>Net Cash From Operating Activities</b>	<u>361,815</u>	<u>171,649</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment and leasehold improvements	(296,436)	(107,877)
Purchase of investment securities	(68,500)	-
Proceeds from sale of investment securities	45,000	-
<b>Net Cash From Investing Activities</b>	<u>(319,936)</u>	<u>(107,877)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments made on leases payable	(5,648)	(6,375)
Line of credit	-	(164,030)
Net proceeds on line of credit	13,186	136,753
<b>Net Cash From Financing Activities</b>	<u>7,538</u>	<u>(33,652)</u>
<b>Net Change in Cash and Cash Equivalents</b>	49,417	30,120
<b>Cash and Cash Equivalents at Beginning of Year</b>	32,448	2,328
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 81,865</u>	<u>\$ 32,448</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	<u>\$ 1,049</u>	<u>\$ 1,706</u>

The accompanying notes are an integral part of these financial statements.

**CENTRO DE LE FAMILIA DE UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Centro de la Familia de Utah (the Organization) is a non-profit organization established in 1975 to strengthen the Hispanic family by promoting self-sufficiency. It accomplishes this by working with the entire family as a unit. Trained staff teach skills to youth and their family members who need help.

The Organization is governed by an independent, volunteer Board of Directors who oversee the Organization's operations. Revenues to support the organization are primarily received from federal and state grants.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when notice is received, and grant revenues are recorded when earned.

**Financial Statement Presentation** — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

**Contributions** — Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily or permanently restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or appropriate use of the assets. However, restricted donations received during the reporting year and expended in accordance with the donor's restrictions during the same year, are recorded as unrestricted revenue and expenses. Temporarily restricted net assets at June 30, 2006 represent donor-designated revenue that had not yet been expended for their intended purpose.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt.

The government contracts are received on a reimbursement basis. All restrictions placed on the money are met when the money is spent and the receivable is recognized. The Organization has, therefore, elected to record the revenue from the grants as unrestricted.



**Cash and Cash Equivalents** — For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents. At June 30, 2006, the Organization had no deposits with a financial institution that were not covered by FDIC insurance.

**Fair Value of Financial Instruments** — The Organization holds financial instruments, none of which are held for trading purposes. The fair value of all financial instruments at June 30, 2006 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements. The organization held no financial instruments at June 30, 2005.

**Program Services** — Support and program services provided by the Organization are as follows:

**Migrant Head Start Program** — The MHSP program operates facilities in Mt. Pleasant, Salem, Gunnison, Genola and Garland. The Mt. Pleasant and Gunnison centers serve families below the poverty level, while the other centers serve low income mobile migrant families. The MHSP centers provide a comprehensive set of services to include full day education, child care, health and dental care, and nutritional and social services. It provides special services to children with disabilities and other special needs. It emphasizes socialization skills and language development. The program provides transportation, advocacy and referral services to the entire family.

**Parental Information and Resource Centers Program** — Parent Information and Resource Centers ("PIRC") is a program designed by Centro de la Familia to help children from Spanish-speaking families become academically successful by promoting parental involvement and support.

**Nuevo Dia Program** — The Nuevo Dia program provides substance abuse prevention life skills and academic tutoring for young Latin women and their mothers. It focuses on increasing protective factors and decreasing risk factors for alcohol, tobacco and other drug use.

**Allocated Administrative Expenses** — The costs of providing the various programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

**Income Taxes** — The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code, and under State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in connection with its exempt activities.

**In-Kind Support** — The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of discounts on shipments of food and non-food products, services provided to the Organization, primarily medical and teaching services, and discounts on major purchases such as buses and building materials.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services. Time donated for work that does not meet established accounting standards criteria cannot be recorded on the financial statements. The monetary value (unaudited) of the donated time which falls into this category was \$1,033,361, based upon 85,050 hours valued at \$10-20 per hour.

**Summarized Comparative Information** — The financial statements include certain prior-year summarized comparative information in totals but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2005, from which the summarized information was derived.

**Equipment** — Equipment is recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization, as required by its grants, capitalizes all expenditures in excess of \$5,000. Depreciation is recorded using the straight-line method with asset lives ranging from 3 to 10 years. Depreciation expense for the year ended June 30, 2006 was \$210,129.

**Library Collection** — The library collection consists of donated or purchased books. Accessions of these collection items are capitalized at cost, if the items were purchased, or at their appraised or fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

**Use of Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 – INVESTMENTS

Short-term investments are stated at fair value and are summarized as follows as of June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Investment	\$ 23,500	\$ 23,500	\$ 23,500
Total	<u>\$ 23,500</u>	<u>\$ 23,500</u>	<u>\$ 23,500</u>

### NOTE 3 – COMMITMENTS

**Capital Leases** — Office equipment recorded under capital leases is included with property and equipment and amounted to \$28,982 at June 30, 2006. The related accumulated amortization was \$21,537. Imputed interest on the leases ranges between 8.3% and 15.5%. Depreciation of the capitalized assets is computed on the straight-line basis over the lease term.

Future minimum lease payments under the capital lease obligations as of June 30, 2006 were as follows:

<b>Year Ending June 30,</b>	
2007	\$ 5,706
2008	<u>4,755</u>
	10,461
Less amount representing interest	<u>784</u>
Capital leases payable	<u>\$ 9,677</u>

**Operating Leases** — The Organization leases office space for administration and for the different centers from various lessors. These leases expire during the fiscal year 2007 and beyond.

Future minimum lease payments are as follows:

	<b>For the Year Ended June 30,</b>
2007	\$ 190,170
2008	<u>55,000</u>
<b>Total</b>	<u>\$ 245,170</u>

#### NOTE 4 — CONTINGENCIES

**The City of Mt. Pleasant Land** — The Organization received a donation of a parcel of land in Mt. Pleasant, Utah. The Organization plans to construct a facility for its Migrant Head Start Program on the land. The deed conveying the land contains covenants requiring the Organization to begin construction of the facility within one year of the conveyance and to have a business presence on the land within two years of the conveyance. If the Organization violates these covenants, Mt. Pleasant has the right, but not obligation, to purchase the parcel. As of June 30, 2006, the Organization was in violation of the covenant pertaining to the commencement of construction. To date, Mt. Pleasant has not expressed any intent to purchase the parcel. The Organization has not yet obtained financing for the construction of the facility. When financing is obtained, construction of the new facility will begin.

#### NOTE 5 — PROPERTY AND EQUIPMENT

The cost of land, building and equipment as of June 30, 2006 was as follows:

	<u>Useful Life</u>	
Land	—	\$ 438,090
Equipment	3 - 10 years	1,711,164
Leasehold improvements	3 - 10 years	2,077,737
Buildings	40 years	<u>1,263,179</u>
<b>Total Cost</b>		5,490,170
<b>Less: Accumulated Depreciation</b>		<u>2,459,377</u>
<b>Net Land, Building and Equipment</b>		<u>\$ 3,030,793</u>

#### NOTE 6 — PENSION PLAN

The Organization contributes to a pension plan for its employees under Section 401(k) of the Internal Revenue Code. The Organization's contributions to the 401(k) plan on behalf of its employees during the year ended June 30, 2006 totaled \$20,864.

#### NOTE 7 — ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its revenue from one federal agency. This agency provides 89% of the Organization's total support and revenues. Loss of this support could adversely affect the Organization's activities.



**CENTRO DE LA FAMILIA DE UTAH**

**SUPPLEMENTAL REPORT  
IN COMPLIANCE WITH  
GOVERNMENT REPORTING STANDARDS  
AND  
OMB CIRCULAR A-133**

**June 30, 2006**

**HANSEN, BARNETT & MAXWELL**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

**CENTRO DE LA FAMILIA DE UTAH  
SUPPLEMENTAL REPORT  
IN COMPLIANCE WITH  
GOVERNMENT REPORTING STANDARDS  
AND OMB CIRCULAR A-133**

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Centro de la Familia de Utah

We have audited the financial statements of Centro de la Familia de Utah (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon, dated August 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centro de la Familia de Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centro de la Familia de Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Hansen, Barnett &amp; Maxwell".

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah  
August 31, 2006



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Centro de la Familia de Utah

### Compliance

We have audited the compliance of Centro de la Familia de Utah (a nonprofit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2006. The major programs of Centro de la Familia de Utah are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the management of Centro de la Familia de Utah. Our responsibility is to express an opinion on the compliance of Centro de la Familia de Utah based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance of Centro de la Familia de Utah with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the compliance of Centro de la Familia de Utah with those requirements.

In our opinion, Centro de la Familia de Utah complied, in all material respects, with the requirements referred to above that are applicable its major federal program for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of Centro de la Familia de Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control of Centro de la Familia de Utah over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

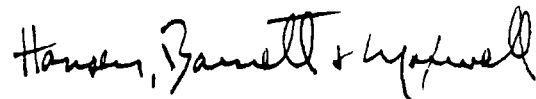
Our consideration of the internal control over compliance would not necessarily disclose all matters in the

internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of Centro de la Familia de Utah as of and for the year ended June 30, 2006, and have issued our report thereon dated August 31, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**HANSEN, BARNETT & MAXWELL**

Salt Lake City, Utah  
August 31, 2006

**CENTRO DE LA FAMILIA DE UTAH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>		
Migrant Head Start Program - Utah	93.600	\$ 5,740,751 *
Passed Through Salt Lake County Division of Substance Abuse		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>100,000</u>
<b>Total U.S. Department of Health and         Human Services</b>		<u>5,840,751</u>
<b>U.S. Department of Education</b>		
Parental Information and Resource Centers Program	84.310A	<u>590,643</u>
<b>Total U.S. Department of Education</b>		<u>590,643</u>
<b>U.S. Department of Agriculture</b>		
Passed Through Utah State Office of Education Child and Adult Care Food Program	10.558	<u>188,146</u>
<b>Total U.S. Department of Agriculture</b>		<u>188,146</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 6,619,540</u>

\* Tested as a major program

**CENTRO DE LA FAMILIA DE UTAH**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2006**

**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES**

The following information regarding the schedule of expenditures of federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of, federal awards.

***Basis of Accounting*** — The schedule of expenditures of federal awards is prepared on the accrual basis of accounting, the same basis used by the Organization in its financial reporting. Receivables are recorded when appropriate program expenditures are made and the Organization has a claim for reimbursement.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from their presentation in the financial statements.

***Pass-through Source of Awards*** — The Organization receives the bulk of its federal award programs directly from the federal awarding agency.

**CENTRO DE LA FAMILIA DE UTAH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — OMB CIRCULAR A-133  
FOR THE YEAR ENDED JUNE 30, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Centro de la Familia de Utah.
2. No reportable conditions with regard to internal control over the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Centro de la Familia de Utah, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions with regard to internal control over major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for Centro de la Familia de Utah expresses an unqualified opinion on all major federal programs.
6. There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 disclosed during the audit.
7. The program tested as a major program was:  
Migrant Head Start Program - Utah #93.600
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Centro de la Familia de Utah qualified as a low-risk auditee for the year ended June 30, 2006.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

No findings to report.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS**

No findings to report.

**D. PRIOR YEAR FINDINGS**

No findings to report.